

EXPORTING SPANISH PROJECT FINANCE EXPERTISE - GOLD ABOGADOS

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The energy and infrastructure requirements of India and Brazil are immense; the two countries have undertaken investment worth billions of dollars.

But limitations on local banking liquidity and regulatory regimes mean that foreign finance is vital to deliver new projects, says Israel Gómez-Caro, Finance Partner at GOLD Abogados in Madrid.

"Increasingly, deals in the emerging economies can benefit from the knowledge of Spanish banks, which are becoming more interested in the regions. The depth of expertise that many gained in the Spanish sector can be applied across countries such as India and Brazil, which have approved very

favourable economic frameworks to develop projects."

Project finance challenges nonetheless do still exist. Among them, matching currencies in instances where a loan is provided in dollars, but road tolls, for example, are collected in rupees, which require risk profiling. In the case of Brazil, there are also specific rules on project finance because most deals are developed by Government-sponsored agencies, meaning private sector companies need to understand the structures.

But such scenarios present opportunities for Spanish consortia to demonstrate their know-how, believes Gómez-Caro. "Spanish sponsors can contribute with Indian and Brazilian local banks in developing financing techniques that take into account the accumulated experience in the Spanish banking sector. They understand risk. They understand limited recourse finance."

Spanish banks can match their expertise with the best in the world – BBVA and Santander are now global players.

"Once sponsors understand the applicable regulatory context and can obtain legal certainty, with the help of local and Spanish lawyers, the project financing schemes utilised in Spain can be duplicated in local contexts. The expertise is already there," concludes Gómez-Caro.